

VZCZCXYZ0001
OO RUEHWEB

DE RUEHEG #0177/01 0401346
ZNY SSSSS ZZH
O R 091346Z FEB 10
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0195
INFO RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHMFISS/HQ USCENCOM MACDILL AFB FL
RHMFISS/JOINT STAFF WASHINGTON DC
RUEHEG/AMEMBASSY CAIRO
RUEKJCS/SECDEF WASHINGTON DC

S E C R E T CAIRO 000177

SIPDIS
NOFORN

E.O. 12958: DECL: 2020/02/09
TAGS: [PREL](#) [PARM](#) [MASS](#) [IS](#) [KPAL](#) [EG](#)
SUBJECT: Sinai Update: Counter Smuggling and Floods

REF: SECDEF 122723; CAIRO IIR 6 899 0149 10; 2009 CAIRO 2394
2009 CAIRO 491

CLASSIFIED BY: Margaret Scobey, Ambassador, DOS, EXO; REASON: 1.4(B),
(D)

11. Key Points:

-- (S/NF) The GOE claims to have increased its efforts against HAMAS-related smuggling activity, and reports recent success in interdicting and dismantling goods and financial smuggling networks.

-- (C) Recent heavy rains in northern Sinai caused an estimated \$11 million worth of damage. Local residents have complained about the GOE's slow response and say the Muslim Brotherhood and other Islamic organizations have provided the most effective relief services. Rains also temporarily halted construction of a subterranean steel wall and reportedly caused damage to the vast network of smuggling tunnels under the Egypt-Gaza border.

-- (S/NF) Security concerns have temporarily suspended installation of the FMF-funded border tunnel activity detection system (BTADS), which will delay the scheduled April 2010 completion date. MOD has agreed in principle to accept follow-on support for the BTADS project.

-- (SBU) USAID is still awaiting approval from the Ministry of International Cooperation (MIC) to begin implementing \$50 million in FY2009 Supplemental funding aimed at creating economic alternatives to smuggling in the Sinai peninsula.

Focusing on HAMAS

12. (S/NF) During a recent meeting with Secretary of Defense Gates, the Director of the Egyptian General Intelligence Service (EGIS) Omar Soliman said that Egypt was increasing efforts to combat HAMAS-related smuggling activity, including bolstering security along the Sudanese border (ref A). He also reported increased

effectiveness in tackling smuggling networks in Sudan, Somalia, and Yemen. Egyptian officials have separately reported recent success at interdicting and dismantling HAMAS-related goods and money smuggling networks along the Egypt-Gaza border.

Sinai Flood Damage Localized.....

13. (C) Multiple contacts in northern Sinai told us that damage from the floods is severe, but localized along and in the Wadi El Arish riverbed. Osama Kassas, Head of the North Sinai Businessmen's Association, which is helping with the rebuilding process, stated that seven people died as a result of the floods and damages are estimated to be around 60 million Egyptian pounds (USD 11 million). He said the flood destroyed the open market, a bus station and the Olympic village, which housed a branch of the Ministry of Youth, because the GoE built them in the riverbed. In addition, villages in central Sinai and residential areas of El Arish city along the riverbed were severely damaged including the two roads that crossed the riverbed connecting western and eastern El Arish city. Our contacts in Sinai said 27 houses and 60 businesses were completely destroyed, and 90 houses were severely damaged by water and mud. Kassas said approximately 1,200 people were directly affected by the flood.

----- ---
But Residents Frustrated with Assistance Efforts
----- ---

14. (C) Kassas told us that Sinai residents were frustrated that the Egyptian Government had taken two days to respond to the flooding and were hostile toward PM Nazif during his visit to inspect the damage. Kassas said the GoE repaired the two roads and is beginning to provide assistance such as blankets, tents and food. However, its efforts are "random and disorganized" with assistance going to those with connections and not those who most need it. He stated that most NGOs and private businesses in Sinai either do not have the capacity to provide assistance or are focused only on publicity. Kassas said the most effective relief efforts are those connected with the Muslim Brotherhood and other Islamic organizations. (Comment: The Muslim Brotherhood does not have a strong organizational presence in northern Sinai. If they are providing relief services, they would have likely deployed people from outside the Sinai peninsula. End Comment).

15. (SBU) On January 31, First Lady Suzanne Mubarak traveled to North Sinai to see the damage caused by the floods. She met with the North Sinai Governor Mowafi, various ministers and local leaders. She said that the GoE is working to resolve the crisis caused by the floods and begin a "new phase for development" for the region. Security forces required those people living in tents due to flood damage to remove the tents and evacuate the area during the visit. An 11-truck aid convoy from the Ministry of Military Production arrived in El Arish with refrigerators, water heaters, gas cylinders, televisions and domestic electric appliances for flood victims.

Flooding and Smuggling

¶6. (S/NF) The January 14 - 19 flooding also temporarily halted construction of a subterranean steel wall along the Egypt-Gaza border. Construction re-started on January 29. The Egyptian military also reported finding fewer tunnel openings since the rains (ref B), but noted increased activity along the Palestinian side of the border, which they attributed to repair work on rain-damaged tunnels (Comment: Even small amounts of rain can cause tunnels to collapse, so a significant amount of flooding would likely cause serious damage. End Comment).

USG-Funded Programs

¶7. (S/NF) The FMF-funded BTADS project has been on-hold since January 2 due to security concerns (ref C). We are currently awaiting MOD-approval to conduct a security assessment of the Rafah area before redeploying the Army Corps of Engineers (ACE). On January 31, MOD denied OMC's most recent request citing undisclosed "security concerns." During a January 11 meeting with Field Marshal Tantawi, Ambassador and OMC Chief stressed the importance of working together to ensure security concerns are quickly and effectively addressed so installation can resume. During the same meeting, Assistant Minister of Defense Major General Mohammed al-Assar claimed that the project was still on track for a February 2010 completion. (Comment: Al-Assar is fully aware that delays

will extend completion well beyond April 2010. It is likely that he has not informed Tantawi of the delay originally caused by the Minister's own insistence on technical modifications for the original BTADS equipment. End Comment). On January 21, MOD did agree in principle to submit a request for follow-on support for the BTADS project, which will be critical once the ACE completes the installation and turns the system over entirely to the Egyptian military.

¶8. (S/NF) EGIS is moving forward, albeit slower than originally anticipated, on a Nonproliferation and Disarmament Fund (NDF) financed project to deploy 15 x-ray scanners to inspect vehicular traffic entering the Sinai for explosives and arms (ref D). Representatives from EGIS and the Ministry of Interior are currently in the United States for operator training. EGIS anticipates that the necessary infrastructure preparations for the first site, the Ahmed Hamdi tunnel, will be completed by late March/early April.

Sinai Development

¶9. (SBU) Ambassador and AID Director met with Minister of International Cooperation (MIC) Fayza Abounaga on February 3 to discuss the \$50 million in FY2009 ESF Supplemental funding aimed at improving economic opportunities and employment in the North Sinai governorate. Minister Abounaga continued to object to provisions related to project monitoring and audit plans, even though AID has repeatedly modified the draft assistance agreement in consideration of the special security circumstances in North Sinai and the GOE's desire to minimize the USG's profile in the governorate. AID is

making one last effort to meet MIC concerns, but will not compromise on basic, legal requirements to conduct audits and monitor USG-financed work. AID Director is also scheduled to meet with the new North Sinai governor to solicit his support for the program.

SCOBAY